

ORIGINAL

EXCEPTION



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OPEN MEETING AGENDA ITEM  
BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

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AZ CORP COMMISSION  
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Arizona Corporation Commission

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OCT 7 2015

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IN THE MATTER OF THE  
APPLICATION OF SULPHUR  
SPRINGS VALLEY ELECTRIC  
COOPERATIVE, INC., AN ARIZONA  
NONPROFIT CORPORATION, FOR  
(1) APPROVAL OF A NEW NET  
METERING TARIFF; (2) APPROVAL  
OF REVISIONS TO ITS EXISTING  
NET METERING TARIFF; AND (3)  
PARTIAL WAIVER OF THE NET  
METERING RULES.

DOCKET NO. E-01575A-15-0127

**NAVOPACHE AND MOHAVE  
ELECTRIC COOPERATIVES'  
JOINDER IN EXCEPTIONS TO  
RECOMMENDED ORDER**

Navopache Electric Cooperative, Inc. ("NEC"), and Mohave Electric Cooperative, Incorporated ("MEC"), through its undersigned attorneys, hereby join the Exceptions filed on behalf of Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC")<sup>1</sup> to the Recommended Order ("RO") submitted by Administrative Law Judge Rodda to dismiss the application. MEC and NEC respectfully request the Commission adopt SSVEC's proposed amendment to the RO.

Contrary to the RO's suggestion (RO, p. 9 ¶ 47), a rate case is not *always* the best solution for a utility that is under-earning. In the present matter, SSVEC requested limited, but expedited relief, to halt the erosion of its margins directly attributable to *new* net

<sup>1</sup> NEC and MEC have insufficient information relating to the actual impacts on SSVEC and therefore neither join nor oppose the representations made by SSVEC relating to impact.

1 metering customers (i.e., those customers that did not have an accepted interconnection  
2 application on file with SSVEC by close of business on April 14, 2015). The limited relief  
3 SSVEC requests serves to reduce the amount of credit new net metering customers will  
4 receive, pending a Commission decision in SSVEC's recently filed rate case.

5 In particular SSVEC requests the Commission waive portions of A.A.C. R14-2-2306  
6 for *new* net metering customers. Without the waiver, SSVEC must net the kWhs  
7 generated by *new* net metering customers against the kWhs SSVEC provides those same  
8 customers. Thus, for each kWh so netted for residential customers, SSVEC is required, by  
9 the net metering rules, to forego \$0.126038 in revenue.<sup>2</sup> The RO recognizes, "the majority  
10 of the Cooperative's fixed costs will be collected from the sale of energy." RO, p. 9 ¶ 45.  
11 Instead of revenues, SSVEC receives a kWh which the Commission has, itself, determined  
12 has a far lower value than the kWh supplied.

13 Arizona Administrative Code R14-2-2302(1) defines avoided cost as "the  
14 incremental cost to an Electric Utility for electric energy or capacity or both which, but for  
15 the purchase from the Net Metering facility, such utility would generate itself or purchase  
16 from another source." By Decision No. 74704 the Commission established that rate for  
17 SSVEC as \$0.0258 commencing September 1, 2015.<sup>3</sup> SSVEC proposes to pay *new* net  
18 metering customers the avoided cost (as established by the Commission) unless and until a  
19 different method is established in SSVEC's pending rate case. In this manner, SSVEC  
20 limits the erosion of its margins caused by the addition of *new* net metering customers.

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23 <sup>2</sup> Decision No. 74381, dated March 19, 2014 established SSVEC's fair and reasonable  
24 rates. Under that decision standard residential customers are to pay \$0.126038 for each  
kWh delivered by SSVEC.

25 <sup>3</sup> Decision No. 74704 established SSVEC's avoided cost at \$0.0307 for the period  
26 September 1, 2014 through August 31, 2015.

1 SSVEC requests that, pending a decision in its recently filed rate case, *new* net  
2 metering customers pay SSVEC the fair and reasonable rate the Commission established  
3 for the kWhs it delivers and that it pay the customer the Commission approved avoided  
4 costs for kWhs produced by the customer. This request constitutes a fair and reasonable  
5 initial step toward addressing the unexpected and significant erosion of SSVEC's revenues  
6 created by the Commission's net metering rules. Approving SSVEC's proposed  
7 amendment to the ROO does not change rates. Instead it makes *new* net metering  
8 customers pay the tariffed rate for services received, while ensuring they are paid the  
9 avoided cost for the kWhs they produce and supply to SSVEC.

10 For the foregoing reasons, NEC and MEC support SSVEC's Exceptions and  
11 proposed amendment to the RO.

12 RESPECTFULLY SUBMITTED this 7th day of October, 2015.

13  
14 CURTIS, GOODWIN, SULLIVAN  
UDALL & SCHWAB, P.L.C.

15  
16 By 

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21 PROOF OF AND CERTIFICATE OF MAILING

22 I hereby certify that on this 7th day of October, 2015, I caused the foregoing  
23 document to be served on the Arizona Corporation Commission by delivering the original  
and thirteen (13) copies of the above to:

24 Docket Control  
25 Arizona Corporation Commission  
1200 West Washington Street  
26 Phoenix, Arizona 85007

1 Copy of the foregoing mailed  
2 this 7th day of October, 2015, to:

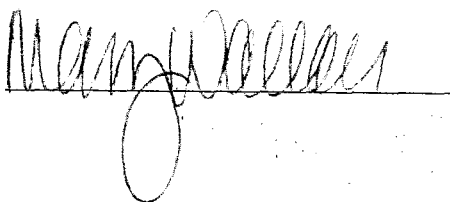
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